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What is the value of official statistics and how do we communicate that value?

What is the value of official statistics and how do we communicate that value?

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Summary

The paper discusses how to distinguish "official statistics" from statistics in general and from other official data and information. It considers the boundaries of official statistics and proposes criteria that should be met to qualify for the label "official statistics".

The paper is presented for discussion to the Conference of European Statisticians seminar on "What is the value of official statistics and how do we communicate that value?"

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I. Background

1. Albert Einstein has said: "*Not everything that can be counted counts and not everything that counts can be counted.*" This aphorism was not meant to colour the text, but we believe it corresponds, in a particular way, to the topic which will be discussed during the seminar. By paraphrasing this sentence, another aphorism can be derived: *"Not any statistics is official statistics and not any official statement that contains a numerical expression is statistics".*

2. As to the above statements, the following question arises: *"If not all statistics are official statistics, then what does official statistics mean and where does this special brand of statistics come from?"*

3. On the other hand, if not any official statement that contains a numerical expression on a certain economic or social phenomenon is statistics, then what kind of meaning does it have?

4. For better understanding the message behind the statements, let us consider some examples.

5. Unemployment is measured in two ways. One indicator represents the registered unemployment, released by the Ministry of Labour. This indicator is compiled in a specific manner where the administrative considerations prevail against those requiring statistical quality. It depends on the legislation in force in every country and on the conditions imposed by law. The second indicator that measures unemployment is based on statistical methodology and Labour Force Surveys (LFS).

6. The following question arises: "While the unemployment based on LFS is official statistics meeting all the required quality criteria, is the registered unemployment official statistics as well, without relying on all the quality elements and being based on other criteria?" The answer is, by far, not clear.

7. Let us take another example. In Romania, data on prognoses and forecasting are produced by an institution called the National Commission for Prognosis whose estimates are based on statistical data. The prospective data on short, medium and long term, elaborated and published by the above said institution are official data. However, in the authors' opinion, they are not official statistics. Nevertheless, there are statistical institutions in Europe that make such forecasts. If this is the case, do these data assume the status of "official statistics"?

II. A slightly different approach

8. It is generally known that, with a well-defined purpose in mind, political decision-makers often resort to a statistical estimate (usually positive) of economic growth, such as "*we expect an economic growth of over 2.5% by the end of this year*". This is accompanied by a warning "*let us, however, wait for the official figures of the National Statistics Institute (NSI)*". Such a statement from a politician contains two essential elements: firstly, the "estimate" announced by the politician is rather a wish, possibly a perception, based on previous real data, or on statistical elements and inputs that he does not refer to and which we will never know. Does the figure pronounced by the politician belong to statistics? Does it belong to official statistics? We shall let you consider that.

9. The second element contained in the politician's statement is by far the most important one since it points out the authority of the National Statistical Institute, as

producer of official statistics, implicitly recognising the professional independence of the NSI.

III. Private statistics could, in turn, be official?

10. A notable Romanian researcher conducted an exceptionally valuable and comprehensive study on which he has worked for over 30 years. This two-volume work of more than 1000 pages aimed to determine Romania's Gross Domestic Product over a rather long period, 1862-2010. The study includes three categories of data: (1) official statistical data for 1990-2010 taken from the publications of the National Institute of Statistics; (2) data for the planned economy period which the researcher calculated by converting the data from the Material Production System to the System of Accounts; and (3) data for the period prior to 1945, which were obtained based on original scientific models. These gave the results at least the value of reasonable estimates, difficult to contradict without conducting a similar exercise. Are the statistical data of the GDP series for the entire period official statistics? Are they exclusively statistics? Or are they a combination between official and unofficial statistical data?

11. Under such hypotheses, the perception would be that we are not dealing with official historical statistical data but with data that can be useful to some categories of users, particularly researchers, and to some others who need retrospective data for long time periods. In the meantime, we can pose a question: if a similar study had been conducted by the National Institute of Statistics, would it have been interpreted the same way or would it have had, through the institution it originated from, the status of official statistics?

IV. Statistics in general versus official statistics

12. The paper does not aim to define statistics. This would be far too ambitious and would take too much space. But we believe that the definition of official statistics is a topical issue which needs to be dealt with. It becomes even more obvious today when the task of producing official statistics does not belong exclusively to one institution, even when it is a National Institute of Statistics. In history as well as in the relatively near past, official statistics was only the responsibility of the national statistical office. There were two reasons for this. First, the aim of statistics originating from "the State" was to serve the state in administrating its economic and social affairs, environmental protection, etc. Second, the national statistical office had almost full monopoly over this area, considering that other institutions with an interest in statistics in general and in official statistics in particular did not exist or were limited in number.

13. Nowadays, the generally recognised producers of official statistics are the national statistical offices and the national central banks that justify this qualification due to tradition and recognition. Alongside, another category of producers of (implicitly official) statistics emerged. This was due to the specific nature of the data that only these institutions could produce or as a result of the national statistical institutes not being able to meet all the needs for statistical information, including official information, through their own resources.

V. Defining the boundaries of official statistics

14. Under these circumstances, a series of questions arose aiming to define the boundaries of official statistics as clearly as possible. The resulting answers would tell us who the producers of official statistics are, what criteria statistics should meet to have the status of "official statistics", who is entitled to give this "brand" to the statistics produced

by various authorities and agencies, how to get the "official statistics" status accepted by society, how intense should be the shift from the statistics to official statistics, etc.

15. Here we can add events that we expect to occur in the statistical system, such as those related to the improvement of technological performance, an increased use of administrative sources, the use of open and big data, etc.

VI. Testing the opinion of users

16. The President of the National Institute of Statistics of Romania has initiated a periodic dialogue with mass-media representatives, particularly journalists from news agencies, radio and TV stations, aiming to get feedback from this category of users, improve the image of the NSI and increase the credibility of the Institute. On this occasion, specific issues are discussed concerning their degree of satisfaction with the official statistical data produced and disseminated by the NSI. The journalists are asked for opinions on some of the major actions carried out by the NSI (i.e. the Population and Housing Census, the Agricultural Census, etc.), their point of view about the quality of statistical indicators in general, with a focus on sensitive indicators, such as the GDP, the Consumer Price Index, unemployment, the industrial production index, indicators on the level of salaries and pensions, living conditions, etc.

17. Recently, with a view to producing this paper, issues related to their view on official statistics have also been discussed.

18. To the questions they were asked, journalists responded as follows:

(a) A large majority of the journalists (over 95%) considered the data produced by the National Institute of Statistics as official data. Some concerns about the quality of these data were also expressed, suggesting, for instance, that in terms of perception, improvements should be made to the Consumer Price Index and other indicators on living conditions;

(b) In the category of "other institutions that produce official statistics" the journalists included the National Bank of Romania, as well as public administration institutions. In this context, they pointed out that, if a certain indicator is produced by several institutions, among which the INS, the official data are the ones of the INS, and the other data are merely statistical data based on own calculations, which are meant to serve these institutions' internal management purposes;

(c) The journalists also expressed the idea that, to be official, statistics should meet strict quality and coverage criteria and should be based on methodologies in compliance with international standards (approximately 54%). The remaining 44% refrained from answering this question.

VII. How could we define and strengthen the term "official statistics"?

19. Summarising the statements and examples presented, we tried to frame, or rather delineate the scope of official statistics from statistics in general and from administrative sources. The latter can be taken as such for statistical purposes, or may need special processing to "clean" the elements that do not meet the quality requirements of official statistics. In this respect, we considered possible alternatives that could be the basis of official statistics:

A. Defining the official statistics according to the data producer

20. The following are hereby envisaged:

(a) Institutions that qualify by right as producers of official statistics and are de facto recognised, their main activity being the production of official statistical data - central statistical offices that are also the coordinators of national statistical systems;

(b) Institutions which have a strong statistical component although the production of statistics is not their main activity (National Central Banks, the Ministry of Justice for crime statistics, the Ministry of Health, the Ministry of Education, the Ministry of Agriculture, etc., other public authorities and institutions, national and local agencies that produce data exclusively for certain areas, non-governmental agencies, professional associations, etc.);

(c) Research or academic institutions that are compiling statistics either independently or together with government agencies;

(d) Institutions that are drawing up statistical papers intended for official statistics, based on contracts, on behalf of a central public institution, typically the National Statistical Office.

21. In an early stage, Eurostat and the draft amendments to the law of European statistics (Regulation 223) entailed, for the EU Member States, a clear distinction between national statistical offices and other producers of European official statistics. The Member States have communicated, based on certain criteria suggested by Eurostat, the lists of other official statistics producers. These lists are posted on the Eurostat website.

22. If the data produced at the national level by countries and submitted to the Commission for the compilation of European statistics are both official statistics, this fact should be reflected also in the national legislation. As a result, Romania needed to improve the statistical law. Therefore, we have recently submitted to the Government the following text: "the official statistics producers are: the National Institute of Statistics and the National Bank of Romania, each of them for the own competence area, as well as and other producers of official statistics; other producers of official statistics can be the public authorities and institutions that develop, produce and disseminate, under the INS coordination, in compliance with the European Code of Practice, official statistical data mentioned in the National Statistical Programme. The list of official statistics producers from Romania, intended to be submitted to the European Commission, is updated and communicated by the INS, as coordinator of official statistics in Romania and the unique contact point with the Commission (Eurostat)".

B. Official statistics determined in terms of importance for all user categories

23. Such an alternative would allow to promote the envisaged data as official statistics. This approach has some pros and cons. The advantages would be related to the fact that official statistics could be defined in terms of data and leading indicators, first of all as the basis for macro and micro economic decisions, among which are many decisions taken at international and national level. This would also include the categories of indicators defined at international level, such as the Millennium Development Goals, the Europe 2020 Strategy, the Stiglitz Report, etc.

24. The disadvantages would be those related to the difficulties of covering all indicators that have the features of official statistics, but are either details of the indicators from the first category or have just a national, regional or local importance.

C. Official statistics from the perspective of exclusive links with governmental needs, including all institutions of central and local administrations

25. The advantage of this approach would be that the term "official" would be linked to the State administration. It is, however, easily understandable that this would exclude from official statistics the data meeting the requirements of all other user categories that also would like to use the official statistics.

VIII. Criteria suggested to be met by statistics to qualify for the status of official statistics

26. The current state of art requires new definition / redefinition of criteria for considering the role, contents and coverage of official statistics. Among these, the following preliminary criteria and limits of official statistics could be envisaged:

(a) De facto recognition of a statistical product as being generated to serve the entire spectrum of the society, that means all the categories of users of statistics;

(b) The products should be based on the Fundamental Principles of Official Statistics and the related quality criteria, for example, the European Statistics Code of Practice;

(c) The official statistics governance should be based on a sufficiently strong provision of the law, allowing for its professional independence and recognition of its role and importance as a fundamental pillar of the society;

(d) Identification of the official statistics products under a unitary, coherent and logical coordination of a centre with well-defined position as official statistics state body in a democratic state, i.e. usually the national statistical office;

(e) Ensuring consistency and congruence, transparency and visibility of the official statistics process while ensuring confidentiality of individual information;

(f) Identifying the most adequate systems of involving producers of official statistics in the process of inter-institutional collaboration and ensuring citizens' unrestricted access to information.

IX. Who and on what basis is entitled to assign the official statistics "brand" to statistics produced by various agencies

27. First, we should answer the question "Is a validation and certification required to be assigned by someone or something?" The concerted actions at European level suggest that, in principle, assigning the official statistics brand to certain statistics or to certain official statistics producers is needed. In this case, the only institution entitled to take this role is the one defined as the coordinator of official statistics, i.e. the NSI.

28. This may also involve some other bodies, e.g. Statistical Councils. Their function would be to involve the statistical data producers in the statistical circle and to include them in statistical programmes. The official statistics brand would follow since, once included in the programme, the statistical data producers and their activities would be subordinated to the basic criteria included in the Fundamental Principles of Official Statistics and the European Code of Practice, as well as to other norms governing the statistical process, thus assigning them the fundamental society pillar status and the official statistics brand.